മാനപ്പെട്ട അംഗങ്ങൾ തരുന്ന വിവരങ്ങളും മറ്റു ഭാഗങ്ങളിൽനിന്നു കിട്ടുന്ന വിവരങ്ങളും തിട്ടപ്പെടുത്തിയും ഗവണ്മെണ്ടു ഉപയോഗപ്പെടുത്തുന്നതാണു്. ഇതിനെപ്പറ്റി വേണ്ടതു ആലോചിച്ചു ചെയ്യുന്നതാണു്. ഫാറസ്റ്റ് ഡിപ്പാർട്ടുമെണ്ടിനെക്കുറിച്ചായിരിയ്ക്കാം ബഹുമാനപ്പെട്ട ആമ്പല്ലൂർ മെമ്പർക്കു് പരിചയം. അതുകൊണ്ടു ഫോറസ്റ്റ് ഡിപ്പാർട്ടുമെണ്ടിനെക്കുറിച്ചു പറയുന്ന അവസരത്തിൽ അവിടത്തെ അഴിമതികളുടെ കായ്യം മാത്രം ഗവണ്മെണ്ടിന്റെ ദൃഷ്ടിയിൽ കൊണ്ടുവരുക, എന്നാൽ അതിനെപ്പറ്റി അന്വേഷണം നടത്താം എന്ന മാത്രമെ ഞാൻ പറയുകയുണ്ടായുള്ളൂ. അതിൽനിന്നു അങ്ങാടിവിത്തമാനം ബഹുമാനപ്പെട്ട അരണാട്ടുകരമെമ്പർ പറഞ്ഞു എന്ന അർത്ഥം വരത്തക്കവിധത്തിൽ ഞാൻ പറഞ്ഞിട്ടില്ല. ഹിയർ സേ ഇൻഫർമേഷൻ അനുസരിച്ചായിരിക്കും ബഹുമാനപ്പെട്ട മെമ്പർ പറഞ്ഞതു എന്നുള്ള അർത്ഥത്തിലാണു് ഞാൻ പറഞ്ഞതു്. ഹിയർസേ ഇൻഫർമേഷൻ എന്നുള്ളതു ഗ്രാമ്യഭാഷയിൽ അങ്ങാടിവിത്തമാനം എന്നും പറയാം. അതിൽ ആക്ഷേപമില്ല. ഇതിനസംബന്ധിച്ചു ഇത്രമാത്രമെ എനിക്കു പറയാനുള്ളൂ.

മിസ്റ്റർ ടി. പി. സിതാരാമയ്യൻ: സർ ഫ്ലവൽഡിവിഷനിലെ റിട്രെഞ്ച്മെൻറിനെ റദ്ദു ആലോചിക്കുമെന്നു പറഞ്ഞതിൽ ഞാൻ സന്തോഷിക്കുന്നു. പക്ഷെ ഓരോ ദിവസവും ഇങ്ങിനെ ആലോചിച്ചു കളയുന്നപക്ഷം ഗവണ്മെണ്ടിനു വലിയ നഷ്ടം വരുന്നതാണു്. ഇത്രയും പറഞ്ഞുകൊണ്ടു ഈ സഭയുടെ അനുവാദത്തോടുകൂടി ഞാൻ ഈ കട്ടുമോഷൻ പിൻവലിച്ചുകൊള്ളുന്നു.

*Motion, by leave, withdrawn*

*Demand put and carried*

### (v) 39— Income-Tax and Sales-Tax

**Mr. P. Govinda Menon** *(Minister for Finance and Law)*: Under 39. Income-Tax and Sales-Tax I move that the Government be granted an amount of Rs. 1,42,632.

**Mr. E. Ikkanda Warrriar** *(Prime Minister)*: I second it.

*Cut-motion No. 1 not moved.*

### CUTMOTION No. 2

**Mr. C. V. Iyyu** *(Kunnamkulam)*: To reduce the allotment of Rs. 1,42,632 for Income-tax in Demand No. 39 by Rs. 2.

*(To impress upon the Government the sensation created in the State by the Press Statement of the Hon'ble Minister for Law and Finance that the whole of the Income-tax revenue may be appropriated by the Dominion Government)* Sir, I am moving my cut motion. The main purpose of moving the cut motion is based on a Press Statement of the Hon. Minister for Finance and Law, which he made in Madras, about the collection and appropriation of Income-tax which might, when we join the Federation, become a Union subject. He referred about the subject a little bit optimistically that there is every possibility of our getting a due share of income-tax income on money incomes from the Government of India even if we join the Federation. Of course I do not deny that and the draft Constitution has made certain provisions for the same. But I would like to draw the attention of the Finance Member to certain portions about the review on the Budget speech made by a leading journal in Madras; the Mail dated November 30.

"There is nothing in the Draft Constitution" said Mr. P. Govinda Menon "to stand in the way of the State getting 100 per cent of the income-tax levied within its area". He may be right, but we imagine that the Union Finance Minister will have other views on this question. The general trend of the discussion in the Constituent Assembly has been in the direction of securing equality of treatment of States and Provinces alike. If the latter are not permitted to retain all the income-tax collected within their territories, there is no very obvious justification for the States being allowed to do so beyond the unconvincing argument that the States were not in pre-union days within the compass of the Central Government's income-tax laws."

Later in the same article it is mentioned:

But the Central Government are far more seriously troubled by financial problem than is Cochin. Did not the Deputy Prime Minister recently declare that India's expenditure was incomputable, a description which must have come as a rude shock to many would be beneficiaries of Central Government largesse? It is doubtful whether the Central Government will be able to make the concessions Cochin proposes to seek.." A statement similar to the one made by the Finance Minister of our State was made by the Travancore Prime Minister also almost at the same time although that was in Trivandrum. So the position is, we have to view the budget in the light that all our income-tax on incomes other than agricultural income-tax is alible to be appropriated by the Government of India and we may not be entitled to get more

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[Mr. C. V. Iyyu]

than what a Provincial Government is entitled to get. This has to some extent created a sort of alarm among the thinking people of Cochin and I would like to take this opportunity to request the Hon. Minister to make matters more clear, in the light of the points raised by me in my speech.

**Mr. P. K. Dewer** *(Labour)*: Where is the sensation created?

**Mr. C. V. Iyyu** *(Kunnamkulam)*: Among the thinking men. Probably men who do not think may not feel so:

**Mr. P. K. Dewer** *(Labour)*: There is sensation in their thoughts.

* **Mr. P. Govinda Menon** (*Minister for Finance and Law*): Sir, the sensation, if any, is not on account of my statement but on account of the situation that occasioned the statement, that is to say, on account of the fact that the units of the Federation a like will have to contribute, and Cochin will have to pay income-tax to the Centre, if Cochin joins the Federation like any other provincial Unit. I wish to state once again what the position will be according to law if Cochin proposes to join the Union and if no special arrangments are entered into between the Cochin Government and the Union Government before the entry. That is to say in the draft Constitution there is a provision which says - and I have referred to that in my budget speach - that with respect to all these subjects special agreements may be entered into between Indian States which join the Union and the Union itself.

**Mr. C. V. Iyyu** *(Kunnamkulam)*: Has not the Financial Commission already been appointed by the President?

**Mr. P Govinda Menon** *(Minister for Finance and Law)*: No. Sir, the special agreements contemplated when the Bill was framed were these. In the 1935 Government of India Act the scheme contemplates is not one of a pure Federation. Liberty was given to each Indian State to negotiate with the Government of India as to each subject each Indian State will federate with the Indian Union. The vestiges of that idea are available there in that article of the Draft Constitution wherein it is stated that each Indian State may enter into an agreement with the Federation before joining the Federation. The trend of discussions in the Constituent Assembly to which reference is made in the leading referred to by the Hon. Member for Kunnamkulam is that no such option should be givin to any Indian State. That is to say the entry of no Indian State in the Federation should be the result of an agreement. On the other hand they must join the Union by adopting the Constitution. That is the trend. I suppose the Hon. House will understand the difference between the two.— That is the trend of the discussions referred to by the leading article. Assuming that an Indian State joins the Indian Union not by virtue of an agreement but by adopting the Constitution, even then, it does not follow that the treatment for all the units of the Federations will be alike. Because even to-day the contribution from income-tax to the various provinces is not equal. That is to say, the present arrangement is governed by that is known as Neimeyer Award. Under that award different percentages are given to different provinces. If an Indian State gets constitutionally the same status of the unit of the Federation as any other province, then it will still be open for the Government of India, that is, the Federation, to decide what shall be the precentages of revenue which shall be given to each unit of the Federation. And what I stated in my budget speech was that constitutionally it was not impossible to conceve that hundred per cent of the revenue might be given. I did not say that it will be given. The working of the article is such that in a given place it may be had. Thereby, it does not follow that the States are treated on a footing or placed on a footing different from that of the Provinces. Just as differentiation is made between one Province and another, when States also join the Federation on some footing, differentiation may for various considerations be made between one unit and another unit. Even to-day it is being made. For example; apart from the portion of the income-tax revenue large subscriptions are even to-day being given to the Province of Assam and the Province of Orissa. The Constituent Assembly of India appointed a Committee called the Sirkar Committee to report on the Financial provisions of the Union Constitution. That Committee which was presided over by Mr.Nalini Ranjan Sarkar, the present Finance Minister of the Province of west Bengal,recommended that in the case of Indian States for various historical and other reasons,for a period of years, for a period of 15 years or so, some differential treatment must be made. That is to say, if 60 per cent of the income-tax collection is given to the Provinces 75 per cent may be given to the Indian States. That is the recommendation of that Committee. Recently another Committee has been appointed by the Ministry of States presided over by Sri V. T. Krishnamachari, Diwan of Jaipur. The work of that Committee is to report to the Ministry of States as to how the Financial provisions of the Constitutions will affect the Indian States

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and how to so adjust the financial provisions with respect to Indian States so that the States may not suffer if and when they join the Federation as a Unit like any other provincial unit. That is the position, Sir. The provisions of the Constitution do contemplate such differential arrangements. It is not a differential treatment or a favourite treatment given to Indian States over Provinces, But even assuming that the Indian States assume the same role or an equal role of a Province there is provision to differentiate between unit and unit for various considerations, and in so doing it is just possible that we may be in a position to persuade the Government of India, assuming that we agree to join the Union adopting the Constitution, it may be possible for us to persuade the Government of India to take into consideration our administrative commitments. That is all what I said and I hope there is nothing in that statement which ought to create sensation anywhere. I have attempted to make the matter very clear in my opening budget speech. We must not be deluded by the impression or we must not be misled by the impression that it is a levy made by the Government of India from this Government. It is not so. If it is a true Federation the question is what taxes shall be payable to our Central Government and what taxes shall be payable to our local Government and what subventions we shall receive from the Central Government in order to keep our standard of administration without going down. With respect to Assam and certain other provinces subvention is given because they are backward Provinces. By parity of reasoning we may say that proper subventions ought to be given to advanced Provinces so that they may not go back. That is the idea. Because an Indian State or a Province is joining the Federation in order to achieve the unity of India no unit of the Federation should go down in standards of adminstration. It will be the look-out of the centre to see that standards of administration do not go down. And it will be legitimate on our part to represent before the Federal Government to supply us with sufficient finances to keep up our administration. Even with the greatest prop from the centre if a Unit of the Federation finds it impossible to carry on the administration, then it is I said that the logic of circumstances point to this, even after this if a unit cannot exist, then it means that it does not deserve to exist.

**Mr. C. V. Iyyu** *(Kunnamkulam):* I would request the Hon'ble Minister to explain about the position of our customs revenue, although it does not strictly come under this.

**Mr. President:** We are on income-tax.

**Mr. P. Govinda Menon** *(Minister for Finance and Law)*: It is too tangled and difficult a subject that I may not be in a position to give an off-hand statement now.

**Mr. C. V. Iyyu** *(Kunnamkulam):* I am glad that the Finance Minister has given a further elucidation on the subject of the Financial structure of the State in relation to the Government of India in the matter of Income-tax. I do not press the motion to a division. With the leave of the House I withdraw the motion.

*Motion, by leave, withdrawn*

*Demand put and carried*

**(vi) 26—Income-tax & Sales tax** *(Cranganur)*

**Mr. P. Govinda Menon** (*Minister for Finance and Law*): "Under 26-Cranganur Income-tax and Sales-ax, I move that Government be granted an amount of Rs. 3,500.

**Mr. E. Ikkanda Warriar** *(Prime Minister):* I secend it.

*Demand put and carried*

**(vii) 11—Matches, Vegetable products, etc.**

**Mr. P. Govinda Menon** (*Minister for Finance and Law*):' Under 11 Matches, Vegetable products, etc. I move that an amount of Rs. 1,16,578 be granted to Government.

**Mr. E. Ikkanda Warriar** *(Prime Minister):* I second it.

*Demand put and carried*

*The House rose for the day at 8 p.m.*

N. I. OUSEPH
*Secretary*

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